

**PUBLIC DISCLOSURE**

January 14, 2002

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**LANDMARK CREDIT UNION**

131 ASHLAND STREET  
NORTH ADAMS , MA 01247

DIVISION OF BANKS  
ONE SOUTH STATION  
BOSTON, MA 02110

<p><b>NOTE:</b> This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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## GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire local community, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **LANDMARK CREDIT UNION** prepared by the Massachusetts Division of Banks, the institution's supervisory agency.

### **INSTITUTION'S CRA RATING: This institution is rated “Satisfactory”**

Landmark Credit Union's Community Reinvestment Act (CRA) rating is based on five performance criteria, which are evaluated within the institution's performance context. The credit union's satisfactory rating is based on; (1) an average net loan to deposit ratio of 60.8 percent, (2) a substantial majority of mortgage loans (82.8% by number and 76.9% by dollar) granted within its Assessment Area One, (3) a more than reasonable lending distribution among borrowers of different income levels for both mortgage and personal loans, (4) reasonably distributed lending throughout the census tracts comprising Assessment Area One and finally, (5) regular implementation of fair lending policies and procedures. No discriminatory lending practices were noted. No CRA complaints were received by the credit union.

## **PERFORMANCE CONTEXT**

### **Description of Institution**

Landmark Credit Union was founded in 1940 to serve the employees of Sprague Electric Company, North Adams. In the mid-1980's Sprague Electric began downsizing and finally ceased operations in 1996. The credit union over the years expanded its membership to include other Sprague Electric facilities and a diverse group of local employers. The institution's name officially changed in January 1996 to better reflect its membership. In October 2000, Landmark Credit Union expanded its membership to include all persons, who live, work, or attend school in North Berkshire County. Current credit union members number 5,543 individuals, while potential members are estimated at 10,000 individuals.

Landmark Credit Union relocated to a new facility at 131 Ashland Street, approximate to downtown North Adams in January 2001. This full-service office provides a drive-up teller window and drive-up 24-hour ATM service. Additionally, the credit union operates a walk-up ATM during lobby hours and two free standing ATMs, one each located at North Adams Regional Hospital and at Allegro Microsystems in Worcester. All the credit union's ATMs are part of the NYCE-CIRRUS networks. The machines, however, only dispense cash.

As of December 31, 2001, total assets were \$43.0 million of which total loans represented \$21.4 million or 49.8 percent of total assets. The following table depicts the composition of the credit union's loan portfolio.

<b>Loan Portfolio as of December 31, 2001</b>		
Type of Loans	\$(000)	% of Total Loans
Residential Real Estate		
a. 1-4 Family Mortgages	11,388	53.2%
b. Home Equity Lines/Loans	1,208	5.6%
Consumer Loans		
a. Personal/Unsecured	3,371	15.7%
b. New Auto Loans	2,894	13.5%
c. Used Auto Loans	2,573	12.0%
<b>Total</b>	<b>21,434</b>	<b>100.0%</b>

Source: NCUA Call Report

First mortgage loans secured by 1-4 family dwellings represent the majority (53.2%) of the loan portfolio. The second largest segment (25.5%) of the loan portfolio includes new and used auto loans. Unsecured personal loans and home equity lines comprise the remaining portion (15.7% and 5.6%, respectively) of the loan portfolio.

Although, the credit union has diversified its loan portfolio to include mortgage and home equity loans, its lending philosophy and policy remains oriented towards service of its members' basic credit needs. As of December 31, 2001, unsecured personal loans and new/used auto loans numbered 800 and 680 loans, respectively. Based on the number of loans, these loan groups represented 85.3 percent of all the institution's loans outstanding.

The Division of Banks last conducted a CRA exam of Landmark Credit Union, as an industrial-based credit union, on August 24, 1998. This examination resulted in the institution receiving a "Satisfactory" Community Reinvestment Act (CRA) rating.

### **Description of Assessment Area**

The Division of Bank's Community Reinvestment Act (CRA) regulation requires that each financial institution delineate one or more assessment areas within which the institution's record of helping to meet community credit needs is evaluated. The Division's CRA regulation further states that "a credit union whose membership by-law provisions are not based on residence may delineate its membership as its assessment area."

Landmark Credit Union's by-law provisions (amended in October 2000) state that membership shall be limited to: (a) all current and former members; (b) all persons who live, work or attend school in North Berkshire County, including Adams, Cheshire, Clarksburg, Florida, North Adams, Savoy and Williamstown; and (c) the immediate family members of the prior groups. The membership by-law includes all current and future employees of Allegro Microsystems in Worcester, Massachusetts.

For purpose of this evaluation, Landmark Credit Union will be considered to have two assessment areas. The first assessment area (Assessment Area Number One) is defined geographically based on the municipalities of Adams, Cheshire, Clarksburg, Florida, North Adams, Peru, Savoy, Williamstown and Windsor. The CRA regulation requires that a geographically defined assessment area consist only of whole geographies/census tracts. Consequently, the towns of Windsor and Peru were added since they share a census tract with Clarksburg, Florida and Savoy. The second assessment area (Assessment Area Number Two) is defined based on employment in these municipalities and with Allegro Microsystems, Worcester.

## Demographic and Economic Data for Assessment Area One

According to 1990 US Census Data, Landmark Credit Union's Assessment Area Number One consists of 11 census tracts. Based on 1990 area median Family Household Income (FHI) within the tract, census tracts are defined as low-income (less than 50% of area median income), moderate-income (50-79% area median FHI), middle income (80 –119% median FHI) or upper-income (120% or more of area median FHI).

North Adams is comprised of five census tracts. This small city contains one low-income geography (Downtown North Adams), one moderate-income tract and three middle income census tracts. The Town of Adams consists of three census tracts, two moderate-income and one middle income tract. Cheshire, and Williamstown each comprise a middle income census tract. Lastly, Clarksburg, Florida, Savoy, Windsor and Peru comprise a single middle income tract. The towns of Adams and Cheshire are situated within the Pittsfield, MA MSA, while the remaining municipalities are considered Non-Metropolitan or Non-MSA communities. The Pittsfield, MA MSA area median incomes or Family Household Incomes (FHI) are \$47,500 and \$49,600 for 2000 and 2001, respectively. The Massachusetts' Non-metropolitan Areas median FHI are \$48,000 and \$50,500 for 2000 and 2001, respectively.

The assessment area's total population (based on 1990 U.S Census data) is 42,611 residents, who comprise 16,362 households of which 66.0 percent are family households. The low-income tract includes 517 residents representing 1.2 percent of the total population and 2.4 percent of total households; while the three moderate-income tracts include 9,381 residents that represent 22.0 and 25.1 percent, respectively of the area's total population and households. Lastly, the seven middle income geographies/census tracts comprise a population of 32,713 representing the overwhelming majority of population (76.8 %) and households (72.5 %) within this assessment area.

The table below provides the assessment area's distribution of households and housing units by the census tract income levels.

Housing Characteristics by Census Tract Income Category							
Geographic Income Category	Distribution by Percentage						Median Home Value
	Census Tracts	Households	Housing Units	Owner-Occupied	Rental-Occupied Units	Vacant Units	
<b>Low</b>	9.1	2.4	2.4	0.2	6.0	3.0	\$97,900
<b>Moderate</b>	27.3	25.1	24.2	22.5	28.6	18.1	\$86,845
<b>Middle</b>	63.6	72.5	73.4	77.3	65.4	78.9	\$105,718
<b>Upper</b>	0.0	0.0	0.0	0.0	0.0	0.0	0
<b>NA</b>	0.0	0.0	0.0	0.0	0.0	0.0	\$0
<b>Total or Median</b>	100	100.0	100.0	<b>57.4</b>	<b>33.6</b>	<b>9.0</b>	<b>\$100,969</b>

Source: 1990 U.S. Census data

Housing stock within the assessment area is primarily 1-4 family residential units (79.1 % of all types of housing units). The median home value of the assessment area is \$100,969 based on 1990 U.S. Census data. The median age of housing units is 44 years, while the median rental is \$377 dollars.

The Warren Information Services compiles current home sale prices based on Registry of Deeds transactions. The table provides the median price on single family homes within the selected towns.

	December 2000*	December 2001*
<b>Adams</b>	80,000	87,250
<b>North Adams</b>	76,956	79,500
<b>Williamstown</b>	0	190,000
<b>Cheshire</b>	83,900	97,500
<b>Clarksburg</b>	85,000	112,000

Source: Warren Information Services (Banker & Tradesman)

Overall, the above figures reflect an increase in home prices for the year 2001 over the year 2000 levels. The median price of a home in Adams increased by \$7,250, while North Adams experienced a slight increase of \$2,544 in the median home price. Williamstown had no single home sales for year-to-date December 2000; therefore no median home price was available for that time period. North Adams is the largest and most active housing market with 90 and 98 home sales in years 2000 and 2001, respectively.

The majority of mortgage lenders report their mortgage lending activities under the Home Mortgage Disclosure Act (HMDA). However, Landmark Credit Union is not a HMDA reporting lender, since it lacks an office located within a Metropolitan Statistical Area (MSA). This CRA evaluation utilizes the aggregate Home Mortgage Disclosure Act (HMDA) reporting lender data for the purpose of comparative residential loan analysis. HMDA reportable loans include purchase mortgages, refinances of purchase mortgages, and home improvement loans.

In 2000, the top five mortgage lenders within the credit union's Assessment Area One were: (1) Adams Co-operative Bank (25.1% market share); (2) Salem Five Cent Savings Bank (9.4% market share); (3) South Adams Savings Bank (9.0% market share); (4) National City Mortgage Corporation (7.6% market share); and (5) Greylock Federal Credit Union (6.1% market share). These top five lenders held a 57.2 percent market share of all mortgage loan originations reported under the Home Mortgage Disclosure Act (HMDA). There were 131 HMDA reporting mortgage lenders in 2000 within the credit union's Assessment Area One. These aggregate HMDA lenders, consisting largely of local financial institutions and diverse mortgage loan companies, originated 641 mortgage loans totaling \$46.4 million.

## **Assessment Area Number Two**

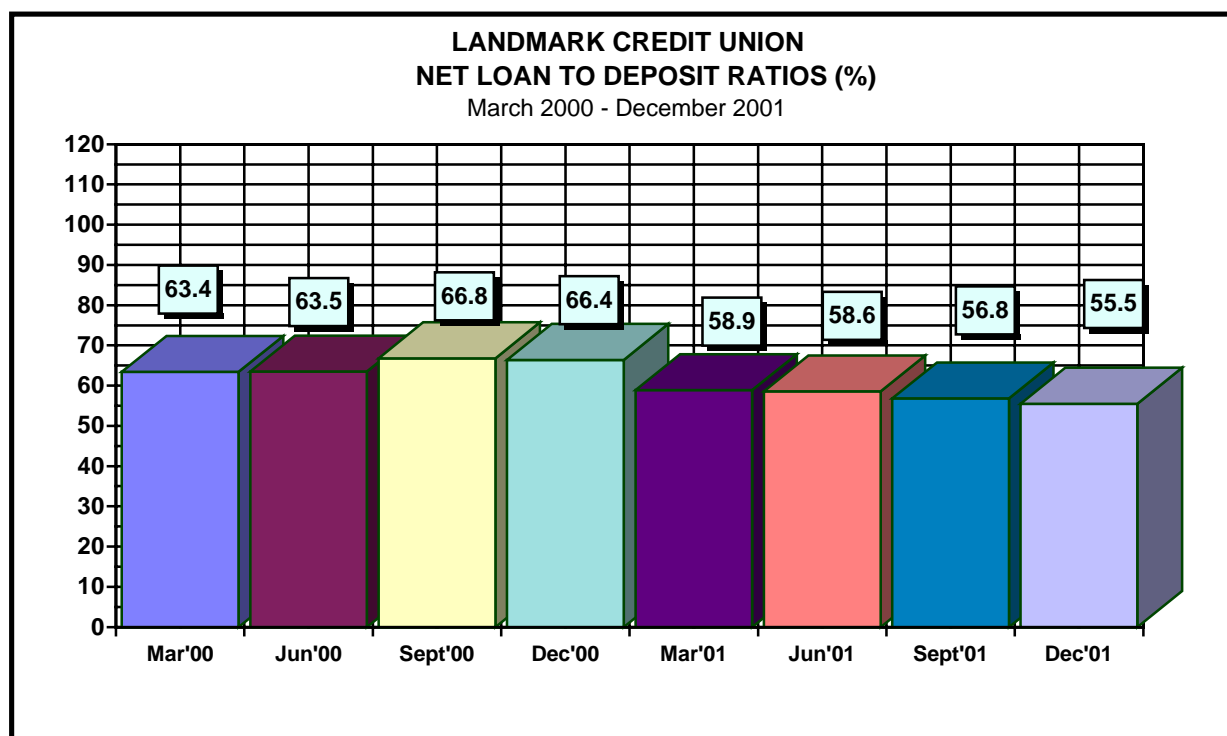
The second assessment area (Assessment Area Number Two) is defined on a non-geographic basis by the credit union's membership by-laws. This Assessment Area Two is defined as all eligible members including non-residents employed in the North Berkshire County municipalities and employees of Allegro Microsystems, Worcester. Current credit union members number 5,543 individuals. There are 1,070 credit union members affiliated with Allegro Microsystems in Worcester. This represents 19.3 percent of all current members. Additionally, there are 413 other members, who reside in either the southern Vermont towns of Pownal, Readsboro, Stamford, and Bennington or other Berkshire County towns outside of North Berkshire County. The majority of these members can be assumed largely to work in North Berkshire County. These two groups combined represent 26.8 percent of all current members. The Worcester, MA MSA area median income or Family Household Income (FHI) is \$54,400 and \$57,000 for 2000 and 2001, respectively. The Vermont Non-metropolitan areas median income is \$40,000 and \$42,200 for 2000 and 2001, respectively.

For information purposes only, there are 126 members, who reside in the states of Florida (52 members), New York (36 members) and Rhode Island and Connecticut (38 members). They are either retirees, former employees of Sprague Electric Company or immediate family members eligible for membership.

## **PERFORMANCE CRITERIA**

### **1. LOAN TO DEPOSIT ANALYSIS**

This first criterion evaluates the level and trend of the credit union's net loan-to-deposit ratio. The average net loan-to-deposit ratio is 61.2 percent for the period from March 30, 2000 through December 31, 2001. Landmark Credit Union's performance is considered reasonable given community and membership credit needs and the institution's lending capacity. The following graph depicts the loan to deposit ratio level and trend for the quarters reviewed.



The ratio of net loans to deposits increased steadily in 2000, yet declined in 2001, particularly in the first quarter ending March 31, 2001. During 2000, loan growth of 8.6 percent combined with deposit growth of 5.4 percent, providing the increase in the ratio of net loans to deposits. In 2001 however, a deposit growth of 30.2 percent sharply outpaced a loan growth of 8.7 percent. The overall positive growth in loans indicates the credit union's continued efforts to extended credit to its membership.

The following table compares Landmark Credit Union's net loan to deposits ratio to four other community financial institutions.



INSTITUTION	NET LOAN TO DEPOSIT RATIO*
Greylock Federal Credit Union	90.0%
Hoosac Bank	58.4%
South Adams Savings Bank	80.2%
Adams Co-operative Bank	90.8%
<b>Landmark Credit Union</b>	<b>56.8%</b>

\*Source: FDIC and NCUA Call Report data 9/30/01.

These community financial institutions are listed in descending order by asset size. Their total assets ranged from the largest, Greylock Federal Credit Union (\$529.1 million in assets) to the smallest, Landmark Credit Union (\$42.4 million in assets). Hoosac Bank (\$262.5 million in assets) was the second largest, followed by South Adams Savings Bank (\$168.4 million) and Adams Co-operative Bank (\$136.5 million in assets). The institutions' net loan to deposit ratios ranged from 90.8 percent (Adams Co-operative Bank) to 56.8 percent (Landmark Credit Union).

In conclusion, Landmark Credit Union's average net loans to deposit ratio of 61.2 percent is reasonable and meets the standards for a satisfactory rating given the credit union's capacity to lend, its growth in lending activity and the credit needs of the assessment areas.

## 2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

The second performance criterion is based on Landmark Credit Union's record of lending within the Assessment Area One. The credit union's mortgage lending activity within this assessment area represents a substantial majority and consequently, exceeds the standards for a satisfactory performance. Landmark Credit Union's mortgage loan originations for 2000 and 2001 were sampled and analyzed to determine the institution's performance for this criterion and the two subsequent lending criteria. The institution originated 26 fixed rate mortgages in 2000, which totaled \$1.6 million and originated 55 of these mortgages in 2001, which totaled \$4.9 million. A loan sample was drawn for both years based on the number of loans originated. The table below details the credit union's lending inside and outside Assessment Area One.

Distribution of Home Mortgage Loans Inside and Outside the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000)		Number of Loans		Dollars in Loans (000)	
	#	%	\$	%	#	%	\$	%
<b>2000</b>	23	92.0	1,442	92.2	2	8.0	122	7.8
<b>2001</b>	30	76.9	2,484	70.2	9	23.1	1,055	29.8
<b>Total</b>	53	82.8	3,926	76.9	11	17.2	1,177	23.1

Source: Sample from credit union origination reports.

Overall, the results demonstrate that a substantial majority of the mortgage loans granted (82.8% by number and 76.9% by dollar volume) are situated inside Assessment Area One. Furthermore, mortgage loans granted within the City of North Adams represented 49.1 percent (by number) and 47.4 percent (by dollars) of the total loans granted inside the assessment area. Mortgage loans granted in the Town of Clarksburg represented 20.7 percent (by number) and 23.3 percent (by dollars) of loans granted within the assessment area.

In conclusion, Landmark Credit Union's residential lending activity inside the Assessment Area One represented a substantial majority of loans granted and exceeds the standard for a satisfactory performance.

### **3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS**

This third performance criterion evaluates the extent to which an institution lends to borrowers of different income levels inside its assessment area(s). The borrower income distribution for residential lending activity within Assessment Area One is considered to be more than reasonable and to exceed the standards for a satisfactory rating. Additionally, consumer loans granted in 2000 and 2001 demonstrate that the credit union's lending exceeds the standards for satisfactory performance.

The distribution of loans by borrower income levels is based on the area median family income. The borrowers' income levels are identified as the ratio of the applicant's income to the area median family income. These income levels are defined as low-income (less than 50 percent of the area median income); moderate-income (50 to 79 percent of median family income); middle-income (80 to 119 percent of area median income); and upper-income (120 percent and greater of the area median income). The Pittsfield, MA MSA area median income or Family Household Income (FHI) was \$47,500 and \$49,600 for 2000 and 2001, respectively. The Massachusetts' Non-metropolitan Areas median FHI was \$48,000 and \$50,500 for 2000 and 2001, respectively.

#### **HMDA-Reportable Loans**

The table below details the credit union's mortgage lending activity by the borrowers' income levels and compares this performance to both the HMDA aggregate lenders' data and to the distribution of family households.

Distribution of Mortgage Loans by Borrower Income								
Median Family Income Level	Family Households ( % of #)	2000 Aggregate Lenders' Data	2000		2001		Totals	
		% of #'s	#	%	#	%	#	%
<b>Low</b>	23.2	7.6	4	17.4	3	10.0	7	<b>13.2</b>
<b>Moderate</b>	19.4	22.8	5	21.7	9	30.0	14	<b>26.4</b>
<b>Middle</b>	27.2	27.6	8	34.8	9	30.0	17	<b>32.1</b>
<b>Upper</b>	30.2	30.0	5	21.7	9	30.0	14	<b>26.4</b>
<b>NA</b>	0.0	12.0	1	4.4	0	0.0	1	<b>1.9</b>
<b>Total</b>	<b>100</b>	<b>100</b>	<b>23</b>	<b>100</b>	<b>30</b>	<b>100</b>	<b>53</b>	<b>100</b>

Source: U.S. Census, HMDA Aggregate Data PCI Services CRA Wiz and Sample Credit Union origination reports.

As the above table suggests, the credit union has achieved a fairly equal distribution of credit among moderate, middle and upper-income borrowers. This is most apparent in Year 2001 when each of those income categories received 30 percent of the originated loans. While low-income borrowers received only 13.2 percent of all mortgage loans originated, this too is considered acceptable.

The credit union's distribution of lending by borrower income levels in 2000 and 2001 corresponds more than reasonably to the distribution of the assessment area's family households, particularly for moderate-income and middle-income borrowers. The credit union's distribution of lending to low-income borrowers declined in 2001 and does not appear to correspond as well to the demographic distribution of these family households. Although data was not available on the level of poverty among this income group, it is assumed that a certain percentage of low-income families live at/below the poverty level. This explains in part the lower level of mortgage loans to low-income borrowers.

The aggregate lenders' distribution mirrors the demographic distribution of family households within Assessment Area One with the exception of the lending distribution to low-income borrowers. The credit union's 2000 lending distribution to low-income borrowers is well above that of the aggregate lenders. The credit union's loan distribution to moderate-income borrowers is comparable to both the aggregate lenders' performance and to the distribution of family households within this income group. The credit union's lending to middle-income borrowers is well above the aggregate lenders' data. Lastly, Landmark Credit Union's lending to upper-income borrowers is below the aggregate lenders' distribution and the demographic distribution of upper income family households.

The variance between the credit union's 2000 lending distribution and the aggregate lenders' data according to the dollar volume of loans largely follows the same pattern as the numbers of loans and consequently is not detailed in this discussion.

Landmark Credit Union's residential lending demonstrates a solid distribution of loans granted to all income groups, particularly the low-income and moderate-income borrowers. The institution's borrowers income distribution, taken as a whole compares more than reasonably to both the Assessment Area One family household demographics and to the aggregate HMDA lenders' performance. Consequently, the credit union's mortgage lending exceeds the standards for a satisfactory performance for this lending criterion.

## Consumer Loans

Landmark Credit Union is an active consumer lender. Personal loan originations were analyzed to determine performance within Assessment Area Two. A sample of loans for each year (2000 and 2001) was randomly selected. The number of loans granted determined the sample size. The credit union granted 580 personal loans totaling \$3.3 million in 2000 and 505 personal loans totaling \$2.5 million in 2001. The following table provides detail on the borrowers' income distribution including both number and dollar amount of loans.

<b>Personal Loan Originations by Borrower Income Levels</b>												
<b>Income Levels</b>	<b>2000</b>				<b>2001</b>				<b>Totals</b>			
	#	%	\$(000)	%	#	%	\$(000)	%	#	%	\$	%
<b>Low</b>	14	34.1	62	23.0	16	35.6	72	30.6	30	<b>34.9</b>	134	<b>26.6</b>
<b>Moderate</b>	14	34.1	105	39.1	17	37.8	71	30.4	31	<b>36.0</b>	176	<b>35.0</b>
<b>Middle</b>	11	26.8	77	28.5	7	15.5	43	18.5	18	<b>21.0</b>	120	<b>23.9</b>
<b>Upper</b>	2	5.0	25	9.4	5	11.1	48	20.5	7	<b>8.1</b>	73	<b>14.5</b>
<b>Totals</b>	<b>41</b>	<b>100</b>	<b>269</b>	<b>100</b>	<b>45</b>	<b>100</b>	<b>234</b>	<b>100</b>	<b>86</b>	<b>100</b>	<b>503</b>	<b>100</b>

Based on a two year total, the personal loan distribution demonstrates that low and moderate-income borrowers combined received an overwhelming majority (70.9% by number and 61.6% by dollar) of the loans granted. Middle income borrowers received a reasonable portion (21.0% by number and 23.9% by dollar volume) of loans granted, while loans to upper income borrowers represented 8.1 percent (by number) and 14.5 percent (by dollar volume) of the loans analyzed. The personal loan distribution by borrower income levels depicts a good distribution given the level of loans granted to low-income and moderate-income borrowers.

Since these loans are largely granted to individuals, the analysis compares individual incomes to the area median income/family household income. This comparison skews to some degree the results of the above distribution. However, the above distribution demonstrates that personal loans serve a solid cross-section of the credit union's membership, particularly low-income and moderate-income borrowers.

In conclusion, Landmark Credit Union exceeds the standards for satisfactory performance, based upon the more than reasonable distribution of both residential and consumer loans

among borrowers of different income levels, particularly low and moderate-income borrowers.

#### 4. GEOGRAPHIC DISTRIBUTION OF LOANS

The fourth performance criterion evaluates the institution's record of addressing the credit needs of the Assessment Area One based on the geographic distribution of loans. Landmark Credit Union's performance for this criterion is reasonable and consequently, meets the standards for a satisfactory performance. Census tracts/geographies are defined as either low, moderate, middle, or upper-income. The same comparative income levels that applied to borrowers' incomes are also applied to census tracts/geographies; however, census tract income levels are based on 1990 U.S. census data.

The following table provides the credit union's geographic distribution among all income levels of census tract comprising Assessment Area One. Furthermore, the table compares the credit union's distribution to the aggregate HMDA lenders' performance and to the distribution of owner occupied units within the Assessment Area One.

<b>Distribution of Mortgage Loans by Census Tract Income Category</b>								
<b>Census Tract Income Level</b>	<b>Owner-Occupied Housing Units (%)</b>	<b>2000 Aggregate Lenders' Data</b>	<b>2000</b>		<b>2001</b>		<b>Total</b>	
		<b>% of #</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Low</b>	0.2	0.5	0	0.0	0	0.0	0	0.0
<b>Moderate</b>	22.5	25.6	6	26.1	4	13.3	10	18.9
<b>Middle</b>	77.3	73.9	17	73.9	26	86.7	43	81.1
<b>Total</b>	<b>100</b>	<b>100</b>	<b>23</b>	<b>100</b>	<b>30</b>	<b>100</b>	<b>53</b>	<b>100</b>

Source: 1990 U.S. Census, HMDA LAR, HMDA Aggregate Data

Comparison with the aggregate HMDA data indicates the level of lending opportunities that exist within the respective census tracts. The credit union did not make any loans in the one low-income tract situated in downtown North Adams. However, the credit union's 2000 mortgage lending within the moderate and middle-income tracts favorably reflects both the aggregate HMDA data and the distribution of owner occupied units within these geographies. In contrast, the institution's distribution of mortgage loans in 2001 declined in the moderate-income tracts and correspondingly increased in the middle-income census tracts.

Overall, the credit union's distribution of mortgage loans remains reasonable, particularly given the assessment area's housing demographics.

No evaluation of consumer loans according to geography was conducted. since this data is not tracked by the credit union according to census tract at present.

Landmark Credit Union is therefore found to have achieved a satisfactory performance with regards to the geographic distribution of loans.

## **5. REVIEW OF COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES**

Landmark Credit Union received no CRA related complaints in the period under review.

The credit union has a satisfactory record of implementing fair lending policies and practices. The following discussion is based on the guidelines of the Division of Banks' Regulatory Bulletin 2.3-101. The institution's loan policy prohibits discrimination against the prohibited classes listed under the Equal Credit Opportunity Act (ECOA).

As a portfolio mortgage lender, Landmark Credit Union offers 1, 3 and 5 year ARMs and fixed rate mortgage loans with maximum terms of up to 30 years. The maximum loan to value (LTV) for mortgage products is 90% with private mortgage insurance required for LTV's over 80%. The credit union's real estate loan policy establishes borrower qualifying ratio of 28%/36% (housing expense/total indebtedness to gross monthly income). Landmark Credit Union now offers Home Equity Lines of Credit. Additionally, the credit union offers a variety of consumer loan products. These products include new and used vehicle loans with loan to values of 95 percent and maximum terms of 6.5 and 5 years, respectively. Unsecured personal loans are also offered with maximum term of 4 years and a minimum and maximum loan amount of \$500 and \$10,000, respectively. The credit union's consumer loan policy allows for a qualifying ratio of 45 percent of gross monthly income for total indebtedness.

Landmark Credit Union provides both credit education and counseling to its members on an individual basis. Assistance and advice is offered through the loan inquiry and application process. Both mortgage loan pre-qualifications and auto loan pre-approvals are offered.

Approval and denial of all loans requires a review/approval by a second loan officer and in the case of mortgage loans, the approval of two members of the credit committee. This second review is undertaken before any denial notices are sent to the loan applicants.

Lastly, Landmark Credit Union's "Minority Application Flow" was not determinable. Since the institution is not a Home Mortgage Disclosure Act (HMDA) reporting mortgage lender, the credit union is not required to compile racial and other data on mortgage applications.

**Conclusion/Fair Lending**

Landmark Credit Union's record of implementing and developing fair lending policies and practices is rated satisfactory. This rating is based on the institution's offering of products designed to meet the assessment area credit needs; its regular efforts to market the institution's credit services to all segments of the assessment area; and its efforts in reviewing all denied mortgage loan applications to ensure fairness in the underwriting and loan application process.

# THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

## LANDMARK CREDIT UNION

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **JANUARY 14, 2002**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors/Trustees

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_



## PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area , each office (other than off-premises electronic deposit facilities) in that assessment area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.